



Memorandum

TO: CITY COUNCIL

FROM: Mayor Chuck Reed
Councilmember Kansen Chu

SUBJECT: SUPPORT OF AB 503

DATE: April 11, 2013

APPROVED:

Kansen Chu
Chuck Reed

DATE:

4/11/13

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RECOMMENDATIONS:

Adopt a Resolution in support of Assembly Bill (AB) 503: Agnews Developmental Center: Transfer of Title, and further direct the City Manager to:

- a. Pursue a zoning designation that allows the future development of a K-12 school campus by Santa Clara Unified School District (District) on 54 acres of the 81-acre Agnews property on Zanker Road and River Oaks Parkway, and a regional park and other public uses on the balance of the site;
- b. Initiate conversations with the State Department of General Services regarding City interest in acquiring the remaining acreage for regional park purposes and return to Council with a status report on feasibility of funding such a use in partnership with other County and regional partners.

BACKGROUND:

We thank Assemblymember Bob Wieckowski for authoring AB 503 in support of a transfer of title of the Agnews property to the Santa Clara Unified School District at fair market value.

Last year, the Santa Clara Unified School District offered a total of \$64 million to acquire 54 acres of the Agnews property. The State indicated that the fair market value was \$71 million at that time and declined to sell. The State has recently shared its intentions of testing the Silicon Valley real estate market for interest by technology companies that may plan to expand operations locally and have large real estate requirements for campus use. Our sources in the development community tell us that there are several superior and entitled properties in the Silicon Valley (including properties along the North First Street corridor) which would need to be absorbed first, and that it is highly unlikely that a developer or user would step up now to acquire the Agnews site. Property values could also be impacted by the presence of

existing potentially historic buildings and the fact that the site has a General Plan designation of Public/Quasi Public, which reflects its intended use for a school.

We value our partnership with the State, wish it well in its endeavors regarding the sale of the property, and will continue to work with the State in its efforts to study the fair market value of the site, but we do not support changing the Public/Quasi Public designation.

This Council resolution supports AB 503 and endorses the District's desire to acquire the property to develop a 1000-student K-8 program and an 1800-student high school, which in turn will support the goals of the North San Jose Area Development Policy.

The site is currently designated as Public/Quasi Public in the General Plan and has a zoning designation of IP-industrial park. To facilitate the District's proposed use we recommend the Council direct staff to begin to take steps to create an appropriate zoning designation for the site. The North San Jose Area Development Policy Neighborhoods Plan also calls for other public uses including a library which could be considered as a potential use on this site if and when funding becomes available.

The District and City have long agreed to facilitate a joint use park and school on the site, and in August 2012, the City Manager was authorized by the Council to negotiate and execute an agreement with the District. It is also our understanding that City staff is engaged in preliminary conversations with the County of Santa Clara and Trust for Public Land to jointly facilitate the acquisition of lands for regional park and recreation purposes in the North San Jose area. We are hopeful that the remainder piece of the Agnews property could be acquired from the State with the limited funding available in the City Park Trust Fund (from collections in North San Jose) and other regional sources of funding.

The State has much to gain financially by accepting \$64 million from the District in these challenging budget times and the bill introduced by Assemblymember Weickowski should be passed to facilitate the interest of the District and the City to acquire the Agnews property for school and park purposes respectively.